



Senate

General Assembly

File No. 439

January Session, 2011

Substitute Senate Bill No. 130

Senate, April 7, 2011

The Committee on Planning and Development reported through SEN. CASSANO of the 4th Dist., Chairperson of the Committee on the part of the Senate, that the substitute bill ought to pass.

AN ACT CONCERNING LAND VALUE TAXATION.

Be it enacted by the Senate and House of Representatives in General Assembly convened:

1 Section 1. Section 12-63h of the general statutes is repealed and the
2 following is substituted in lieu thereof (*Effective October 1, 2011*):

3 (a) The Secretary of the Office of Policy and Management shall
4 establish a pilot program in [a single municipality] up to three
5 municipalities whereby the [municipality] selected municipalities shall
6 develop a plan for implementation of land value taxation that (1)
7 classifies real estate included in the taxable grand list as (A) land or
8 land exclusive of buildings, or (B) buildings on land; and (2)
9 establishes a different mill rate for property tax purposes for each
10 class, provided the higher mill rate shall apply to land or land
11 exclusive of buildings. The different mill rates for taxable real estate in
12 each class shall not be applicable to any property for which a grant is
13 payable under section 12-19a or 12-20a.

14 (b) [To be eligible for the program a municipality shall (1) be a
 15 distressed municipality, as defined in subsection (b) of section 32-9p;
 16 (2) have a population of not more than twenty-six thousand; and (3)
 17 have a city manager and city council form of government.] The
 18 secretary shall establish an application procedure and any other
 19 criteria for the program and shall send a copy of such application
 20 procedure and any other criteria to the joint standing committee of the
 21 General Assembly having cognizance of matters relating to planning
 22 and development. The secretary shall not select a municipality for the
 23 pilot program unless the legislative body of the municipality has
 24 approved the application. The secretary shall send a notice of selection
 25 for the pilot program to the chief executive officer of the municipality
 26 and to the joint standing committee of the General Assembly having
 27 cognizance of matters relating to planning and development.

28 (c) After receipt of the notice of selection provided by the Secretary
 29 of the Office of Policy and Management pursuant to subsection (b) of
 30 this section, the chief executive officer of such municipality shall
 31 appoint a committee consisting of relevant taxpayers and stakeholders
 32 to prepare a plan for implementation of land value taxation. Such plan
 33 shall (1) provide a process for implementation of differentiated tax
 34 rates; (2) designate geographic areas of the municipality where the
 35 differentiated rates shall be applied; and (3) identify legal and
 36 administrative issues affecting the implementation of the plan. The
 37 chief executive officer, the assessor and the tax collector of the
 38 municipality shall have an opportunity to review and comment on the
 39 plan. On or before December 31, [2009] 2012, and upon approval of the
 40 plan by the legislative body, the plan shall be submitted to the joint
 41 standing committees of the General Assembly having cognizance of
 42 matters relating to planning and development and to finance, revenue
 43 and bonding.

This act shall take effect as follows and shall amend the following sections:		
Section 1	October 1, 2011	12-63h

Section 1	October 1, 2011	12-63h
-----------	-----------------	--------

PD

Joint Favorable Subst.

The following Fiscal Impact Statement and Bill Analysis are prepared for the benefit of the members of the General Assembly, solely for purposes of information, summarization and explanation and do not represent the intent of the General Assembly or either chamber thereof for any purpose. In general, fiscal impacts are based upon a variety of informational sources, including the analyst's professional knowledge. Whenever applicable, agency data is consulted as part of the analysis, however final products do not necessarily reflect an assessment from any specific department.

OFA Fiscal Note

State Impact: None

Municipal Impact: See Below

Explanation

The Office of Policy and Management will incur no costs to send specified materials to the Planning and Development Committee, and approve up to three municipalities for a pilot program for implementation of land use taxation.

It is anticipated that the legislative body of any municipality interested in applying for the pilot program will factor the availability of local resources that may be needed to prepare a land use taxation implementation plan into its decision making process before approving the application.

The Out Years

State Impact: None

Municipal Impact: See Above

OLR Bill Analysis**sSB 130*****AN ACT CONCERNING LAND VALUE TAXATION.*****SUMMARY:**

This bill expands, from one to three, the number of municipalities eligible for a pilot program to develop a plan for taxing land at a higher rate than buildings (i.e., land value tax). Under current law, the Office of Policy and Management (OPM) secretary must choose only one municipality for the pilot, which qualifies only if it meets the law's specific eligibility requirements. The bill eliminates these requirements and allows the OPM secretary to choose up to three municipalities. The municipalities must prepare the plan according to specific criteria and submit it to the legislature by December 31, 2012.

EFFECTIVE DATE: October 1, 2011

LAND VALUE TAX PILOT PROGRAM***Plan Components***

By law, municipalities must tax land and any improvements made to the land (e.g., buildings) at the same rate. The pilot program allows selected municipalities to prepare a plan for taxing land at a higher rate than buildings. The plan must:

1. divide taxable property into two classes (a) land or land exclusive of buildings and (b) buildings on the land;
2. set a different tax rate for each class, with the rate on land higher than the rate on buildings and improvements;
3. apply the land value tax only to taxable property; and
4. exclude state-owned property and private hospitals and colleges.

Application Process and Eligibility Criteria

As under current law, a municipality must apply to the OPM secretary for approval to prepare the plan. The secretary must specify the application procedure and any other criteria for the program. He may only select a municipality if its legislative body approved the application. If the application is in order, he must send the municipality's chief executive officer a notice of selection.

The bill eliminates the current eligibility requirements and gives the OPM secretary authority to establish other criteria. The requirements restricted the pilot program to New London at the time the law was enacted (PA 09-236).

The bill requires the secretary to send the Planning and Development Committee a copy of (1) the application procedure and program criteria and (2) any selection notices.

Plan Requirements

By law, a municipality may begin preparing its plan after the secretary approves its application. Its chief executive officer must appoint a committee consisting of relevant taxpayers and stakeholders to prepare the plan.

In preparing the plan, the committee plan must:

1. specify the process for implementing the separate tax rates on land and buildings,
2. designate the geographic areas where the municipality will impose these rates, and
3. identify the legal and administrative issues affecting the plan's implementation.

The law requires the committee to submit the completed plan to the municipality's (1) chief executive officer, tax assessor, and tax collector for review and comment and (2) legislative body for approval. The bill requires the municipality to then submit the plan to the Planning and

Development and Finance, Revenue and Bonding committees on or before December 31, 2012.

COMMITTEE ACTION

Planning and Development Committee

Joint Favorable Substitute

Yea 14 Nay 6 (03/23/2011)